THE HINDU

Cotton prices revive with demand

Price of Shankar – 6 variety of cotton, one of the most used varieties in the country, was Rs. 42,000 a candy on Friday.

The prices were firming up for the last 10 days because of better demand, says South India Cotton Association joint secretary A. Ramani. The prices had declined to about Rs. 35,000 a candy a few days ago.

The deadline for shipment of the export quota for 2010-2011 (October to September) was fast approaching. Hence, exporters were purchasing cotton now. Rains in several States during the last two weeks had affected the crop, especially in States such as Punjab. This was expected to delay arrivals for the new season that would start next month. Though it was unlikely for the prices to shoot up, it would remain strong and would moderate only when the new arrivals commenced.

On the export enquiries for the next season, Mr. Ramani said the spinning industry was facing a slump in demand not only in the domestic market but also in the international market. China, Pakistan and Bangladesh were expected to purchase small quantities of cotton from India. However, it was likely to be relatively low. The domestic mills were also expected to purchase in small quantities till the yarn market revived, he said.

Mettur level

The water level at the Mettur dam stood at 94.50 feet on Sunday against its full level of 120 ft. The inflow was 12,659 cusecs and the discharge 16,012 cusecs.

Call to increase agricultural output

Union Agriculture Minister Sharad Pawar has laid emphasis on getting remunerative prices for agricultural produce to farmers in view of rising prices of farm inputs, such as seeds, pesticides, fertilisers and fuel, and called for bringing together the MGNREGS and farmers to help augment the agricultural output.

Addressing a national convention for felicitation of farmers for innovations here , Mr. Pawar said the Union Government's budgetary allocation for the agriculture sector was of the size of Rs.28,000 crore, while farmers' loans worth Rs.70,000 had been waived. For improving the quality of life of farmers, loans of Rs.4,40,000 crore had been disbursed across the country, he added.

Mr. Pawar said the farm sector was experiencing shortage of labourers after the implementation of the flagship employment generating scheme, MGNREGS, and suggested that the labourers engaged under the scheme could be asked to work at agricultural farms during the sowing and harvesting periods.

Asking Rajasthan Chief Minister Ashok Gehlot to submit the State Government's suggestions in this regard, Mr. Pawar said a “productive way” could be evolved for increasing agricultural output through an effective implementation of MGNREGS.

The Rajasthan Government's Agriculture Department and the Centre for International Trade in Agriculture and Agro-Based Industries (CITA) jointly organised the convention for honouring the farmers for their innovative practices and scientific research to enhance the crop yield, improve the seed varieties and scale up soil productivity.

Twenty-eight farmers from 18 States were honoured for their achievements on the occasion, while 496 innovative farmers of Rajasthan received various prizes of State, district and panchayat samiti levels. In addition to Mr. Gehlot, Goa Chief Minister Digambar Kamat, Rajasthan Agriculture Minister Harjiram Burdak, CITA Director and former Rajasthan Chief Secretary M. L. Mehta and several agricultural scientists attended the convention.

Erode turmeric farmers worried over drop in price

The fear among turmeric farmers deepens every week as the market witnesses a sharp fall in the prices of the yellow spice for the past several months. In the last seven days, the prices have come down by Rs. 500 per quintal.

The drastic fall in the prices has sent shivers down the spine of many farmers, who have doubled the acreage under the crop hoping to reap profits like in the previous year.

The price of turmeric, an essential ingredient in every Indian kitchen, soared to an all time high of Rs. 17,000 a quintal in 2010 and it remained by and large stable till the beginning of this year. The bullish market led to a heavy production, which in turn triggered a sharp decline in the prices.

Turmeric prices, which stood around Rs. 8,000 per quintal a few months ago, have now gone down to Rs. 4,300 to Rs. 4,500 a quintal. “It will not be a surprise if the prices fall further. It may go down to Rs. 3,000 a quintal as the production is expected to be around 100 lakh bags in the country,” President of the Erode Turmeric Merchants Association R.K.V. Ravishankar says.

The domestic consumption is estimated at around 50 to 55 lakh bags.

Online market

“There is very less possibility for the prices to rise in the immediate future. If the online market opens January-February contract, then the prices will decline further,” Mr. Ravishankar adds.

The turmeric farming community has already voiced its serious concern over the developments and is now demanding efforts from the government to ensure remunerative prices for their produce.

Weather

Chennai - INDIA

Today's Weather

Clear

Monday, Sep 19
Max Min
35.2° | 23.5°

Rain: 4.0 mm in 24hrs
Humidity: 79%
Wind: Normal

Sunrise: 5:58
Sunset: 18:08
Barometer: 1007

Tomorrow's Forecast

Partly Cloudy

Tuesday, Sep 20
Max Min
33° | 24°

Extended Forecast for a week

Wednesday Sep 21	Thursday Sep 22	Friday Sep 23	Saturday Sep 24	Sunday Sep 25
31° | 26°	34° | 26°	33° | 26°	32° | 25°	31° | 25°
Rainy	Cloudy	Rainy	Rainy	Rainy

Airport Weather

Delhi

Delhi

Rain: 00 mm in 24hrs
Humidity: 79%
Wind: Normal

Sunrise: 6:07
Sunset: 18:23
Barometer: 1004

Business Standard

Farmers for 50% cane price rise

Encouraged by a significant 17.25 per cent proposed increase in the Fair and Remunerative Prices (FRP), farmers across all major producing states have started demanding a 40-50 per cent rise in sugar cane prices for the upcoming crushing season of October - September, 2011-12.

The Commission for Agricultural Costs and Prices (CACP) has recommended the government increase FRP for the next sugar season i.e. 2012-13, to Rs 170 a quintal as against Rs 145 a quintal announced this year. The government had fixed FRP at Rs 139 a quintal in the last crushing season.

Farmers in India's largest sugar producer, Maharashtra, have urged the government to pay the first advance estimates in tune with a price of Rs 180-200 per quintal. A committee chaired by Chief Minister Prithviraj Chavan, however, has asked co-operative sugar factories to stick to FRP for the first advance payment, generally, done in the first fortnight of October, before harvesting the standing cane crop.

Last year, the average payout by these mills remained at Rs 200 per quintal, nearly 44 per cent above from the FRP.

Similarly, cane growers in Uttar Pradesh have begun asking for a nearly 50 per cent rise in cane prices from last year's average price of Rs 205 a quintal. Sugar mills in the state, however, will commence negotiations with farmers in the next fortnight to arrange the advance payment for cane procurement.

"We do not know what the final prices would be. But some increase in cane prices are likely in 2012, being an election year in Uttar Pradesh," said Abinash Verma, director general, Indian Sugar Mills Association (Isma).

Farmers in other states such as Tamil Nadu, Gujarat, Karnataka, Haryana and Punjab have similar views. In Gujarat, farmers have started asking for Rs 300 a quintal as against the average price of Rs 240 a quintal last year. Mills paid Rs 190 a quintal to farmers in Tamil Nadu, where farmers are asking for Rs 250 a quintal.

"We are yet to negotiate with farmers for cane prices this year. But any increase in cane price will have a negative impact on companies' topline and bottomline because of no proportionate increase in spot prices," said Sanjay Tapriya, director (finance), Simbhaoli Sugar Mills.

Sugar mills are currently negotiating with banks to avail working capital for the coming crushing season. But, banks are reluctant to extend the debt limit above last year's credit flows. Apparently, a majority of banks have denied new loans to borrowers who have not cleared their dues for last year, said an analyst.

MONTHLY SUGAR QUOTA (2011)

Quantity (million tonnes)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Levy quota	0.22	0.22	0.20	0.21	0.21	0.21	0.21	0.22	0.2
Non-levy quota	1.70	1.62	1.68	1.70	1.75	1.65	1.56	1.70	1.7
Normal quota	1.66	1.30	1.30	1.58	1.55	1.64	1.25	1.70	1.5
Carry over unsold stock	—	0.30	0.35	0.10	0.20		0.30		0.2
White refined sugar*	44.00	23.00	34.00	20.00	5.00	14.00	10.00	3.00	—
Total	1.92	1.84	1.89	1.91	1.97	1.86	1.77	1.93	1.9

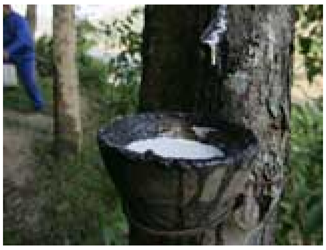
* Processed out of imported raw sugar ('000 tonnes)

Source: Agriculture ministry

The average realisation for the current season remained lower than the cost of production. Against the cost of production of Rs 2,700-2,900 a quintal, the average ex-mill realisation Rs 2,650-2,850 a quintal.

India's sugar production was estimated at 24.2 million tonnes in 2010-11 while output for the next season is forecast at 26.5 million tonnes.

Rubber exports rise 280% in April-August



Natural rubber (NR) exports from the country increased 280 per cent in the April-August period of this financial year. Total exports were 12,219 tonnes as against 4,364 tonnes in the same period last year.

The increase was mainly due to the low price India held for rubber in that period. NR export from the country was in a pathetic stage for the past couple of years for several reasons, including high prices and inferior quality. Exports were almost nil in some months of 2010.

In August, exports grew to 1,082 tonnes as against 17 tonnes in the same month last year. This July, too, India shipped 779 tonnes as against 24 tonnes in July 2010.

This financial year, Indian price tags were advantageous to global buyers as local tags were lower by Rs 17-19 per g. Hence, it is likely that there would be an increase in exports in the remaining part of this financial year. The main drawback of Indian natural rubber in the global mart is its inferior quality. But if the price is lower by Rs 12-15 per kg, the country would be an attractive destination for foreign buyers. As local consumption is higher, India is not a major player in the rubber export market. So, the country is not having much balance to be shipped, another reason for the poor performance on export.

High prices abroad paralysed import of the commodity in April -August period. During this period, 76,116 tonnes were brought into the country as against 85,058 tonnes last year, registering a drop of 11 per cent.

Though the import duty had been brought down to an effective 7.5 per cent from 20 per cent import is not at all cheap for domestic rubber users.

Due to political constraints, especially from rubber growing states such as Kerala, the Centre is not in a position to allow free import. Therefore, import has been reduced 45 per cent to 14,060 tonnes as against 24,209 tonnes in the same month, last year.

Domestic production of NR maintained 4.5 per cent increase in April -August period and total production crossed 300,000 tonnes, achieving a figure of 311,200 tones as against 297,750 tones.

The prevailing higher price [Rs 215.Kg] is the main reason behind the increase in production as in most of the estates tapping is in full swing during the monsoon season. Domestic consumption in April - August period crossed 400,000 tones mark and touched 400,995 tones as against 388,550 tones in the same period of last FY , registering a growth of 3.2 per cent. But both the monthly production and consumption have dropped for the first time in this fiscal in August. Production dropped to 71,200 tones as against 72,500 tones in the same month of last year while consumption decreased to 77,000 tones from 79,500 tones.

The drop in consumption is mainly due to the set back faced by the tyre companies on the sales front, especially in the original equipment [OE] segment and the crisis faced by the small and medium rubber based units. According to All India Rubber Industries Association [AIRIA] at least 500 such units were closed during last one year period on account of the sharp increase in the price of NR.

The Rubber Board data indicates a total stock of 266,081 tones at the end of August as against 202,798 tones in the same period last financial year. Though the board estimates such a huge stock the industry associations and the rubber traders opine that the actual tradable stock would be in a range of 80,000 -100,000 tones.

Automotive Tyre Manufacturers Association [ATMA] said that the country is facing serious supply crisis even in the midst of such a huge stock. According to them stock position in the country is too low that badly affects the availability of rubber. The bord's data is rather inflated in order to influence the government decisions on import, they said. But the Rubber Board has clarified that the stock as per their data is not the actual stock ready for trade, but it is a consolidation of stock with the farmers, stockists, inventory of various companies etc.

DGFT frees cotton export under OGL for one more season

Cotton export has been freed, under Open General Licence (OGL), for one more season starting October. And, with much relaxed criteria, unlike the previous season.

The Directorate General of Foreign Trade (DGFT) has done away with the eligibility criteria for exporters and the various other stringent conditions of the previous season. The OGL will be valid for the season starting next month to September 2012. The only condition that remains is the registration certificate for export and reporting details which specify a penal clause for failure to export after getting the certificate. The criterion demanding a performance bank guarantee has also been dropped.

Besides, for rice and wheat, the DGFT has specified no eligibility criteria, except that exports should be made from privately held stocks. India is the second biggest grower of wheat and allowed private companies to export the grain for the first time in four years. A panel of ministers permitted sales of two million tonnes of wheat and 2.1 mt of non-Basmati rice last week.

India banned private companies from shipping wheat in early 2007 and non-Basmati rice in April 2008, to bolster domestic supplies amid a global food crisis. Restrictions were eased, allowing some quantities of wheat, rice and wheat products to be shipped to Africa, as well as Bangladesh and Nepal through state-run companies under government-to-government deals. The panel on July 11 this year put off a decision to end the ban on wheat exports due to non-competitive prices globally, while approving a million tonnes of non-Basmati rice.

In the previous season, DGFT had said a cotton export quota would be granted only if an entity had exported in either of the previous two cotton years (2008-09 and 2009-10), and allocation would be done on pro-rata basis. The pre-conditions were challenged at the high court here, which had ordered DGFT to extend the allocation process to August 8. DGFT challenged the HC order in the Supreme Court; it is still pending.

In October last year, the Centre had set a ceiling for cotton exports at 5.5 million bales (170 kg each) to protect the domestic textile industry in the face of rising raw material prices. An additional million bales were permitted for export in June, after prices had corrected sharply.

Cottonseed futures up on heavy spot demand

Cottonseed oilcake prices firmed up by Rs 17 to Rs 1,160 per quintal in the future trade today on heavy buying by traders in line with a firm domestic market sentiment.

Marketmen said restricted supply and rising demand in physical markets, mainly led to the cottonseed oil-cake price rise here.

At the National Commodity and Derivatives Exchange, cottonseed oilcake prices for most active October contract climbed by Rs 17, or 1.49% to Rs 1,160 per quintal in an open interest of 32,730 lots.

The September contract also gained Rs 9, or 0.66% to Rs 1,377 per quintal, in an open interest of 12,180 lots.

Turmeric hits lower circuit on increased supplies

Press Trust of India / New Delhi September 16, 2011, 14:26 IST

Turmeric prices tumbled by Rs 192 to hit lower circuit at Rs 4,606 per quintal in futures trade today on poor demand against increased supplies.

Expectations of a better crop because of favourable weather conditions in producing regions also put pressure on turmeric prices.

At the National Commodity and Derivatives Exchange, November turmeric tumbeld by Rs 192, or 4.00% to Rs 4,608 per quintal with an open interest of 5,285 lots.

The September contract plunged by Rs 186, or 3.98% to Rs 4,488 per quintal in 7,050 lots.

Analysts said increased supplies against poor demand in the spot market helped turmeric prices to hit lower circuit in the futures trade.
